

## Tax Benefit Rule for Tax Refunds - 2M Worksheet IX

Use this worksheet when filing Montana Form 2M to determine how much of your tax refund (such as the \$400 Montana Homeowner Property Tax Refund) to include in your Montana adjusted gross income. **Do not** use this worksheet if any of the following apply:

- The refund was for **state** income taxes.
- You included the refund in your federal adjusted gross income.
- The refund was for an expense you did not claim as a deduction in a prior year.

1. Enter the total of your tax refunds received in 2007 for which a deduction was taken in a prior year. Do not include refundable federal credits or more than the amount deducted on your itemized deduction schedule.....	1.	
2. Enter the total Montana allowable itemized deductions for the year that you claimed this deduction. <b>If you took the standard deduction, stop here; your refund(s) is not taxable</b> .....	2.	
3. Enter any amount previously refunded to you. Do not enter any amount from line 1 .....	3.	
4. Subtract line 3 from line 2 and enter the result here.....	4.	
5. Montana adjusted gross income for the year you claimed the deduction .....	5.	
6. Enter the standard deduction for the year that this deduction was claimed. (The standard deduction amounts for 2006, 2005, and 2004 are shown in Tables 1 through 3 found below) .....	6.	
7. Subtract line 6 from line 4 and enter the result here. If the result is zero or less, stop here; the amount on line 1 is not taxable.....	7.	
8. Enter the smaller of line 1 or line 7 .....	8.	
9. Enter your Montana taxable income for the year the deduction was claimed .....	9.	
10. If line 9 is zero or more, enter the amount from line 8. Otherwise, add lines 8 and 9 and enter the result, but not less than zero .....	10.	
11. Enter the smaller of line 1 or line 10 here and on Form 2M, line 24.. <b>This is your recovery amount to be included in income for 2007</b> .....	11.	

### Standard Deduction Rates

Multiply the amount on line 5 by .20 (20%) and enter this amount on line 6, but not more than the maximum amount reported below, or at least the minimum amount reported below that corresponds with the tax year that you are calculating your tax benefit rule recovery amount.

	Filing Status	Minimum	Maximum
Table 1: 2006 Standard Deduction	Single, married filing separately	\$1,650	\$3,710
	Married filing a joint return, head of household	\$3,300	\$7,420
Table 2: 2005 Standard Deduction	Single, married filing separately	\$1,580	\$3,560
	Married filing a joint return, head of household	\$3,160	\$7,120
Table 3: 2004 Standard Deduction	Single, married filing separately	\$1,530	\$3,440
	Married filing a joint return, head of household	\$3,060	\$6,880